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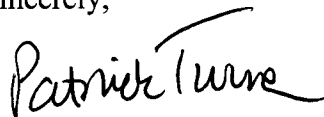
The Honorable Charles Terreni  
Chief Clerk of the Commission  
Public Service Commission of South Carolina  
Post Office Drawer 11649  
Columbia, South Carolina 29211

Re: Petition of the Office of Regulatory Staff for a Rule-Making Proceeding to  
Examine the Requirements and Standards to be Used by the Commission  
When Evaluating Applications for Eligible Telecommunications Carrier  
(ETC) Status and When Making Annual Certification of ETC Compliance  
to the Federal Communications Commission  
Docket No. 2006-37-C

Dear Mr. Terreni:

Enclosed for filing are the original and one (1) copy of BellSouth Telecommunications, Inc.'s Initial Comments in the above-referenced matter. This document is an exact duplicate of the e-filed copy submitted to the Commission in accordance with its electronic filing instructions. By copy of this letter, I am serving all parties of record with a copy of this document as indicated on the attached Certificate of Service.

Sincerely,

A handwritten signature in black ink that reads "Patrick W. Turner". The signature is written in a cursive, flowing style.

Patrick W. Turner

PWT/nml  
Enclosure  
cc: All Parties of Record  
DM5 # 643785

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**In the Matter of** )  
 )  
**Petition of the Office of Regulatory Staff** )  
**For a Rule-Making Proceeding to** )  
**Examine the Requirements and Standards)**  
**To be Used by the Commission When** )  
**Evaluating Applications for Eligible** )  
**Telecommunications Carrier (ETC)** )  
**Status and When Making Annual** )  
**Certification of ETC Compliance to the** )  
**Federal Communications Commission** )

**Docket No. 2006-37-C**

**BELLSOUTH TELECOMMUNICATIONS, INC.**  
**INITIAL COMMENTS**

In accordance with the Notice of Drafting that was filed with the South Carolina Legislative Council on May 9, 2006, BellSouth Telecommunications, Inc. ("BellSouth") respectfully submits its initial comments on the matters designated in the Commission's Order establishing this docket.

**I. PROCEDURAL BACKGROUND**

On January 9, 2006, the Office of Regulatory Staff ("ORS") filed a Petition asking the Commission to initiate a rule-making proceeding to determine whether multiple ETCs should be authorized and to develop a single set of eligibility standards for ETC designation.<sup>1</sup> On January 31, 2006, the Commission entered an Order granting the ORS's Petition.<sup>2</sup> That Order

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<sup>1</sup> See Motion to Hold Petition in Abeyance, *In Re: Petition of Budget Phone, Inc. For Designation as an Eligible Telecommunications Carrier*, Docket No. 2005-219-C (January 9, 2006).

<sup>2</sup> Order Establishing Rulemaking and Holding Budget Phone Petition in Abeyance, *In Re:*

established this docket “to examine the requirements and standards to be used by the Commission when evaluating applications for ETC status and when making annual certification of ETC compliance to the Federal Communications Commission.”<sup>3</sup>

## **II. SUMMARY OF INITIAL COMMENTS<sup>4</sup>**

BellSouth supports the Commission’s adoption of a well-defined and effective ETC designation process. Such a process will provide useful guidance to carriers that wish to seek ETC designation in South Carolina, and it will assist the Commission in assuring that its ETC determinations remain competitively neutral. Such a process also will promote the appropriate goals of ensuring that: only qualified and committed carriers obtain ETC status; the Universal Service Fund size remains reasonable and sufficient; and consumers continue to reap the benefits of the evolving, competitive telecommunications market.

BellSouth acknowledges that an appropriate issue for discussion is whether multiple ETCs should be permitted in areas served by a rural telephone company,<sup>5</sup> and BellSouth

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*Petition of Budget Phone, Inc. For Designation as an Eligible Telecommunications Carrier*, Order No. 2006-71 in Docket No. 2005-219-C (January 13, 2006).

<sup>3</sup> *Id.* at 3.

<sup>4</sup> These initial comments present matters that BellSouth believes the Commission should consider as it explores the issues addressed by this proceeding. BellSouth, of course, reserves the right to submit further comments as it considers the submissions of other parties and any draft rules the Commission may develop in the course of this proceeding. Additionally, in recent rulemaking proceedings involving the Commission’s procedural and telephone regulations, the Commission’s Staff held workshops with the parties after the submission of initial comments. These workshops led to consensus ORS and industry recommendations on many issues, and they helped define and narrow the scope of the few issues that were subject to disagreement. BellSouth, therefore, respectfully suggests that the Commission consider having its Staff conduct similar workshops at an appropriate time in this proceeding.

<sup>5</sup> See ORS’s Petition at pp. 1, 4. See also 47 U.S.C. §214(e)(2)(“Upon request and consistent with the public interest, convenience, and necessity, the State commission may, in the case of an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier for a service area designated by the State commission, so long as each additional requesting carrier meets the requirements of paragraph (1).”).

recognizes that the determination of this issue potentially could impact the size of the federal and/or State Universal Service Funds. BellSouth has not yet developed a position on this issue and looks forward to reviewing any comments that other parties may submit. Regardless of how this issue is decided, however, BellSouth believes that in light of the critical need for reliable communications during crisis situations, it makes good sense for any carrier seeking ETC status to demonstrate an ability to remain functional in natural and man-made emergencies.

BellSouth also believes that many of the ETC guidelines that the Federal Communications Commission (“FCC”) adopted in its *Universal Service Order*<sup>6</sup> are reasonable, and BellSouth believes that this Commission should incorporate those reasonable guidelines into any ETC designation process it may adopt in this proceeding. The Commission, however, need not and should not merely import the entire set of FCC guidelines for use in South Carolina. The FCC expressly “decline[d] to mandate that state commissions adopt [its] requirements for ETC designations,”<sup>7</sup> deciding instead to “encourage state commissions to consider the requirements adopted in [the *Universal Service Order*] when examining whether the state should designate a carrier as an ETC.”<sup>8</sup> BellSouth believes that the Commission should decline to adopt some of the FCC’s guidelines because they impose additional burdens with little, if any, corresponding benefit to customers, and they do not materially advance the objectives of universal service in this State.

For example, and as explained more fully below, the FCC requires an ETC to report certain information the FCC believes to be related to consumer protection and service quality standards. It also requires an ETC to file reports addressing service outages and unfilled requests

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<sup>6</sup> See Report and Order, *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, 20 FCC Rcd. 6371 (March 17, 2005) (“Universal Service Order”).

<sup>7</sup> *Universal Service Order* ¶ 61.

<sup>8</sup> *Id.* at ¶59.

for service from potential customers. This Commission, however, already has adopted reporting requirements and service standards that apply to all carriers, including ETCs, and the ORS (in the case of informal complaints) and the Commission (in the case of complaints filed with the Commission) receive and address customer complaints about USF-supported services that involve consumer protection and service quality standards. Importing the FCC's additional reporting requirements into any process adopted in this docket would increase an ETC's costs and administrative burdens without providing any additional benefits to consumers and without materially advancing the objectives of universal service.

A more detailed presentation of BellSouth's comments appears in Section IV below. Additionally, Exhibit A to these Initial Comments is a matrix that identifies ETC requirements adopted by the FCC and briefly summarizes BellSouth's position on those requirements.

### **III. SUMMARY OF RELEVANT FEDERAL AUTHORITY**

**The Act.** Section 254(e) of the Communications Act of 1934, as amended (the "Act"), provides that "only an eligible telecommunications carrier designated under section 214(e) shall be eligible to receive specific Federal universal service support."<sup>9</sup> Section 214(e)(2) charges state commissions with the primary responsibility for performing ETC designations. Section 214(e)(2) also states: "[b]efore designating an additional eligible telecommunications carrier for an area served by a rural telephone company, the State commission shall find that the designation is in the public interest." Section 214(e)(6) provides that, "in the case of a common carrier providing telephone exchange service and exchange access service that is not subject to the jurisdiction of a State commission, the FCC shall upon request" perform the relevant ETC designation.

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<sup>9</sup> 47 U.S.C. §254(e).

**Joint Board Recommended Decision.** On June 28, 2002, the FCC released its *ETC Referral Order* requesting that the Federal-State Joint Board on Universal Service (“Joint Board”) “review certain of its rules relating to the high-cost universal service support mechanisms to ensure that the dual goals of preserving universal service and fostering competition continue to be fulfilled.”<sup>10</sup> The Joint Board recommended that the FCC adopt permissive federal guidelines for states to consider in proceedings to designate ETCs under section 214(e)(5) of the Act.<sup>11</sup> On June 8, 2004, the FCC released a Notice of Proposed Rulemaking seeking comment on the Joint Board’s proposals.<sup>12</sup>

**FCC’s Intermediate Decision.** On January 22, 2004, the FCC released its *Virginia Cellular ETC Designation Order*.<sup>13</sup> In that Order, the FCC granted in part and denied in part the petition of Virginia Cellular to be designated as an ETC throughout its licensed service area in the Commonwealth of Virginia. The FCC imposed reporting and other requirements on Virginia Cellular as conditions of obtaining ETC designation.<sup>14</sup> The FCC further stated that the framework it established in the *Virginia Cellular ETC Designation Order* henceforth would apply to all ETC designations pending completion of its *Universal Service Order*.<sup>15</sup>

**The Universal Service Order.** In this Order, the FCC set forth requirements that a carrier must meet before the FCC will approve its designation as an ETC. The FCC recognized

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<sup>10</sup> *Universal Service Order*, ¶ 9.

<sup>11</sup> See Federal-State Joint Board on Universal Service, Order, CC Docket No. 96-45, 17 FCC Rcd 22642, ¶1 (2002) (“Referral Order”).

<sup>12</sup> See Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Notice of Proposed Rulemaking, 19 FCC Rcd 10800 (2004) (“ETC Designation NPRM”).

<sup>13</sup> See Federal-State Joint Board on Universal Service; Virginia Cellular, LLC Petition for Designation as an Eligible Telecommunications Carrier for the Commonwealth of Virginia, Memorandum Opinion and Order, CC Docket No. 96-45, 19 FCC Rcd 1563, para. 1 (2004) (“Virginia Cellular ETC Designation Order”).

<sup>14</sup> See, e.g. *Universal Service Order* ¶ 14.

<sup>15</sup> See *Id.*

that specific requirements may be relevant only for wireless ETC applicants, but it stated, nevertheless, that its framework applies to any carrier seeking ETC status.<sup>16</sup> The FCC also concluded that all ETC designations should require a finding that such designation is in the public interest, and it set forth the factors it would examine in its public interest analysis.<sup>17</sup> The FCC “encouraged,” but did not require, state commissions to apply the same conditions and to conduct the same public interest analysis outlined in its *Universal Service Order*.<sup>18</sup>

#### **IV. INITIAL COMMENTS**

##### **A. Public Interest Analysis.**

In its *Universal Service Order*, the FCC found that a carrier should be designated as an ETC only where such designation serves the public interest<sup>19</sup> The FCC stated that, as part of its public interest analysis, it will consider the benefits of increased consumer choice and the unique advantages and disadvantages of a competitor’s service offering.<sup>20</sup> In addition, it will examine the creamskimming potential where an applicant seeks ETC designation below the study area level of a rural incumbent LEC.<sup>21</sup>

BellSouth believes that in assessing whether a requested ETC designation would be in the public interest, the Commission should take into account the benefits of increased consumer choice. In doing so, however, the Commission should recognize that many other communications service providers (including wireline, wireless, cable, and Internet service providers) offer service throughout South Carolina. Increased consumer choice, therefore, should not be the only factor the Commission considers in deciding whether granting an ETC

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<sup>16</sup> *Id.* ¶ 17.

<sup>17</sup> *Id.* ¶ 18.

<sup>18</sup> *Id.* ¶ 19.

<sup>19</sup> *Id.* ¶ 42.

<sup>20</sup> *Id.* ¶ 44.

<sup>21</sup> *See, e.g., Id.* at ¶ 48.

designation would be in the public interest. Instead, the Commission should also consider other relevant factors, including: whether the applicant has demonstrated a genuine commitment to providing quality USF-supported services; the appropriateness of the geographic area the applicant commits to serving; and the impact, if any, that granting the application would have on the size of the federal and/or State Universal Service Funds.

In doing so, the Commission need not adopt a bright line test for rural areas. The FCC, for instance, declined to establish a bright line test to determine whether creamskimming concerns are present.<sup>22</sup> It stated that “a rigid standard would fail to take into account variations in population distributions, geographic characteristics, and other individual factors that could affect the outcome of a rural service area creamskimming effects analysis.”<sup>23</sup> This Commission should consider affording itself similar flexibility in examining this issue in South Carolina.

#### **B. Ability to Provide Service and Adequate Financial Resources.**

As noted above, the Act requires a carrier designated as an ETC to offer the services supported by the federal universal service mechanisms throughout the designated service area.<sup>24</sup> The FCC requires an ETC applicant to “demonstrate its commitment and ability to provide [USF-supported] services throughout the designated service area” by providing such services “to all requesting customers within its designated service area.”<sup>25</sup> This Commission should adopt this requirement, as it ensures that an ETC applicant is committed to serving customers within the entire area for which it is designated.

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<sup>22</sup> *Id.* ¶ 53.

<sup>23</sup> *Id.* (citations omitted).

<sup>24</sup> 47 U.S.C. § 214(e)(1).

<sup>25</sup> *Id.* ¶ 21. Of course, even ETCs are only required to honor reasonable requests for service, and the FCC has stated that “states that adopt these [FCC] requirements should determine, pursuant to state law, what constitutes a ‘reasonable request’ for service.” *Id.*



Although the FCC declined in its *Universal Service Order* to impose financial qualification requirements for ETC applicants, the Joint Board recommended that such requirements be adopted.<sup>26</sup> Consistent with the spirit of the Joint Board's recommendation, BellSouth believes that the Commission should require an ETC applicant to demonstrate that it has adequate financial resources to fulfill the statutory prerequisite to provide quality USF-supported services throughout an appropriately-designated area. Such a requirement will reduce the likelihood that an ETC will stop providing service with little or no notice, thereby leaving the recipients of USF-supported services to scramble to find another provider. Such a requirement also is consistent with Section 214(e)(4), which allows an ETC to relinquish its ETC status<sup>27</sup> in an area served by multiple ETCs (upon advance notice to the appropriate commission), but only if the remaining ETC(s) are able to serve all of the customers served by the relinquishing carrier.

### **C. Administrative Requirements.**

The FCC adopted administrative procedures to be used when issuing ETC orders. These include setting forth in the order the name of each incumbent LEC study area in which an ETC has been designated, a clear statement as to whether the ETC has been designated in all or part of each incumbent's study area, and a list of all wire centers in which the ETC has been designated.<sup>28</sup> In addition, the FCC adopted procedures to ensure that appropriate authorities are notified and given the opportunity to provide input when carriers request ETC designation on tribal lands.<sup>29</sup> The FCC encouraged state commissions to adopt such procedures.<sup>30</sup>

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<sup>26</sup> *Id.* ¶ 37.

<sup>27</sup> Similarly, state law provides relief from "carrier of last resort" obligations in certain circumstances. *See* S.C. Code Ann. §58-9-297.

<sup>28</sup> *Id.* ¶ 65.

<sup>29</sup> *Id.* ¶ 66.

<sup>30</sup> *Id.* ¶65.

The FCC’s administrative requirements make sense and should make the ETC process more efficient. These requirements, for instance, make it more likely that the information set forth in ETC orders will remain meaningful even as technologies continue to advance and traditional, ILEC-specific indications of service territory become less relevant. BellSouth therefore supports the Commission’s adoption of these administrative requirements

**D. Network Improvement Plans.**

The FCC requires that an ETC applicant “submit a five-year plan describing with specificity its proposed improvements or upgrades to the applicant’s network on a wire center-by-wire center basis throughout its designated service area.”<sup>31</sup> The plans submitted to the FCC must include: (1) how signal quality, coverage, or capacity will improve due to the receipt of high-cost support; (2) the projected start and completion dates, as well as the estimated amount of each investment for each project funded by USF support; (3) the geographic areas where improvements will be made; and (4) the estimated population that will be served as a result of the improvement.<sup>32</sup> Moreover, the FCC requires that all of the above information be provided for *each* wire center for which the carrier expects to receive USF support.<sup>33</sup>

BellSouth believes these requirements apply only to ETCs that receive federal high-cost support<sup>34</sup> and, therefore, they do not currently impact BellSouth in South Carolina. Nonetheless, BellSouth strongly believes that the Commission should not impose these onerous requirements on any ETC applicant in South Carolina. Given the rapid and ever-increasing pace of technology changes in the industry, a five-year “formal plan” for network improvements is wholly unrealistic. No carrier operating in this dynamic telecommunications market can reasonably

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<sup>31</sup> *Id.* ¶ 23.

<sup>32</sup> *Id.*

<sup>33</sup> *Id.*

<sup>34</sup> *See, e.g., Id.* ¶¶2, 23.

make formal five-year definitive plans. That is especially true of plans at the wire center level. Additionally, imposing such rigid requirements could chill a provider's willingness to consider using new or alternate technologies to offer USF-supported services.<sup>35</sup>

**E. Emergency Situations.**

The FCC requires an ETC to show that it: has a reasonable amount of back-up power to ensure functionality without an external power source; is able to reroute traffic around damaged facilities; and is capable of managing traffic spikes resulting from emergency situations.<sup>36</sup> BellSouth does not object to the Commission adopting such requirements in this proceeding. The Commission has a strong interest in ensuring that the public has access to reliable USF-supported services, especially during times of crisis. This is true everywhere, and South Carolina's susceptibility to major weather events make this issue of even greater importance for South Carolinians.

**F. Consumer Protection and Service Quality Standards.**

The FCC requires an ETC to demonstrate its commitment to meeting consumer protection and service quality standards and to report certain information the FCC believes to be related to these matters.<sup>37</sup> The Commission should not adopt similar requirements in South Carolina. The Commission already has adopted reporting requirements and service standards that apply to all carriers,<sup>38</sup> including ETCs, and the ORS (in the case of informal complaints) and the Commission (in the case of complaints filed with the Commission) receive and address

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<sup>35</sup> BellSouth opposes any requirement to submit network improvement plans for the reasons stated above. Without waiving that opposition, BellSouth submits that if the Commission decides to require ETC applicants and fund recipients to submit network improvement plans, it should require state-wide plans covering a period of no more than two years rather than wire center-by-wire center plans covering longer periods.

<sup>36</sup> *Id.* ¶ 25.

<sup>37</sup> *Id.* ¶ 28.

<sup>38</sup> *See generally*, S.C. Code Regs. 103-610 to -619; 103-660 to -672.

customer complaints about USF-supported services that involve consumer protection and service quality standards. There is no reason to impose additional regulations or require additional information that would, for the most part, be duplicative of the existing rules and practices.

**G. Local Usage Plans.**

The FCC requires an ETC applicant to offer a local usage plan comparable to the one offered by the incumbent LEC in the service areas for which the applicant seeks designation.<sup>39</sup> BellSouth takes no position on this issue at this time. BellSouth notes, however, that as technology and service options change, specific criteria addressing local usage plans seem less and less relevant.

**H. Equal Access.**

The FCC noted in the *Universal Service Order* that competitive ETCs are not required to provide equal access to long distance carriers.<sup>40</sup> The FCC, however, put these ETCs on notice that it may require them to do so if no other ETC is providing equal access within the service area.<sup>41</sup> BellSouth takes no position on this issue at this time.

**I. Annual Certification and Reporting Requirements.**

The FCC requires that ETCs designated by it provide a great deal of information, much of which mirrors information required by the FCC's new rules for an applicant for ETC designation, as part of carriers' annual certification that they have spent their federal USF support as required.<sup>42</sup> One of the requirements, for example, is to report the number of unfilled requests for service from potential customers for the past year and the number of complaints per

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<sup>39</sup> *Id.* ¶ 34.

<sup>40</sup> *Id.* ¶35.

<sup>41</sup> *Id.*

<sup>42</sup> *Id.* ¶ 69.

1,000 handsets or lines.<sup>43</sup> The FCC also requires ETCs to file separate network outage reports as defined in the FCC's ETC requirements.<sup>44</sup> This Commission, however, already has adopted reporting requirements and service standards that apply to all carriers, including ETCs.<sup>45</sup> Additionally, the ORS (in the case of informal complaints) and the Commission (in the case of complaints filed with the Commission) receive and address customer complaints about USF-supported services. This Commission, therefore, should not adopt these requirements because they impose additional burdens with little, if any, corresponding benefit to consumers, and they do not materially advance the objectives of universal service in this State.

#### **J. Lifeline and Linkup**

Any carrier that is designated an ETC should be required to offer Lifeline and Link-Up services in compliance with all applicable state and federal requirements.

#### **CONCLUSION**

BellSouth appreciates the opportunity to present these initial comments and looks forward to further participating as the Commission considers and decides the issues presented in this docket.

Respectfully submitted,



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<sup>43</sup> *Id.*

<sup>44</sup> *Id.*

<sup>45</sup> *See generally*, S.C. Code Regs. 103-610 to -619; 103-660 to -672.

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FCC's Requirements		BellSouth's Position
<b>ELIGIBILITY REQUIREMENTS</b>		
Commitment and Ability to Provide the Supported Services. <i>Universal Service Order</i> ¶¶ 21-24		<p>BellSouth supports requiring an ETC applicant to demonstrate its commitment and ability to provide USF-supported services throughout the designated service area by providing such services to all requesting customers within its designated service area.</p> <p>BellSouth does not support requiring the submission of "network improvement" plans because such a requirement is unrealistic given the rapid and ever-increasing pace of technology changes in the industry.</p> <p>BellSouth supports requirements reasonably designed to ensure that the public has access to reliable USF-supported services, especially during times of crisis.</p>
Ability to Remain Functional in Emergency Situations. <i>Universal Service Order</i> ¶¶ 25-27		
Consumer Protection and Service Quality Standards. <i>Universal Service Order</i> ¶¶ 28-31.		<p>BellSouth does not support importing the FCC requirements into any process adopted in this proceeding. The Commission already has adopted reporting requirements and service standards that apply to all carriers, including ETCs, and the ORS (in the case of informal complaints) and the Commission (in the case of complaints filed with the Commission) receive and address customer complaints about USF-supported services that involve consumer protection and service quality standards.</p>
Local Usage Plans. <i>Universal Service Order</i> ¶¶ 32-34.		<p>BellSouth takes no position on this issue at this time. BellSouth notes, however, that as technology and service options change, specific criteria addressing local usage plans seem less and less relevant.</p>
Equal Access. <i>Universal Service Order</i> ¶¶ 35-36.		<p>BellSouth takes no position on this issue at this time.</p>

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<p>Adequate Financial Resources <i>Universal Service Order</i> ¶¶37-39.</p>	<p>BellSouth supports requiring an ETC applicant to demonstrate that it has adequate financial resources to fulfill the statutory prerequisite to provide quality USF-supported services throughout an appropriately-designated area. Such a requirement will reduce the likelihood that an ETC will stop providing service with little or no notice, thereby leaving the recipients of USF-supported services to scramble to find another provider. Such a requirement also is consistent with Section 214(e)(4), which allows an ETC to relinquish its ETC status in an area served by multiple ETCs (upon advance notice to the appropriate commission), but only if the remaining ETC(s) are able to serve all of the customers served by the relinquishing carrier.</p>
<p>Imposition of Additional Annual Reporting Requirements. <i>Universal Service Order</i> ¶69.</p>	<p>BellSouth does not support requiring the submission of “network improvement” plans because such a requirement is unrealistic given the rapid and ever-increasing pace of technology changes in the industry.</p> <p>BellSouth does not support importing most of the remaining requirements of ¶69 into any process adopted in this proceeding. The Commission already has adopted reporting requirements and service standards that apply to all carriers, including ETCs. Additionally, the ORS (in the case of informal complaints) and the Commission (in the case of complaints filed with the Commission) receive and address customer complaints about USF-supported services. This Commission, therefore, should not adopt these requirements because they impose additional burdens with little, if any, corresponding benefit to consumers, and they do not materially advance the objectives of universal service in this State. See below for more details.</p>

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PUBLIC DETERMINATIONS	INTEREST	
Cost-Benefit Analysis. <i>Universal Service Order</i> ¶¶44-47.	<i>Universal</i>	Because many communications service providers (including wireline, wireless, cable, and Internet service providers) offer service throughout South Carolina, increased consumer choice should not be the only factor the Commission considers in deciding whether granting an ETC designation would be in the public interest. Instead, the Commission should also consider other relevant factors, including: whether the applicant has demonstrated a genuine commitment to providing quality USF-supported services; the appropriateness of the geographic area the applicant commits to serving; and the impact, if any, that granting the application would have on the size of the federal and/or State Universal Service Funds.
Potential for Creamskimming Effects. <i>Universal Service Order</i> ¶¶48-53.		BellSouth does not support a "bright line test" for rural areas. The FCC adopted a "case-by-case" approach, and this Commission should consider affording itself similar flexibility.
Impact on the Fund. <i>Universal Service Order</i> ¶¶54-57.		Given the high cost fund has increased from \$2.6 billion in 2001 to \$3.9 billion in 2005, states should exercise prudence in designating carriers as ETCs.



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ADMINISTRATIVE REQUIREMENTS FOR ETC DESIGNATION PROCEEDINGS ORDERS		
<p>Name of each incumbent LEC study area in which an ETC has been designated; clear statement of whether the ETC has been designated in all/part of each incumbent LEC's study area; list of all wire centers in which the ETC has been designated, using either the wire center's common name or CLLI code. <i>Universal Service Order</i> ¶65.</p>		<p>BellSouth supports these requirements, which make it more likely that the information set forth in ETC orders will remain meaningful even as technologies continue to advance and traditional, ILEC-specific indications of service territory become less relevant.</p>

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<b>ANNUAL CERTIFICATION AND REPORTING REQUIREMENTS</b>		
Progress reports on the ETC's five-year service quality improvement plan. <i>Universal Service Order ¶69.</i>		BellSouth does not support requiring the submission of "network improvement" plans because such a requirement is unrealistic given the rapid and ever-increasing pace of technology changes in the industry.
Reports on service outages. <i>Universal Service Order ¶69.</i>		BellSouth does not support this requirement. The Commission already has adopted reporting requirements and service standards that apply to all carriers, including ETCs. Additionally, the ORS (in the case of informal complaints) and the Commission (in the case of complaints filed with the Commission) receive and address customer complaints about USF-supported services. This Commission, therefore, should not adopt these requirements because they impose additional burdens with little, if any, corresponding benefit to consumers, and they do not materially advance the objectives of universal service in this State. See below for more details.
Number of complaints per 1,000 handsets or lines. <i>Universal Service Order ¶69.</i>		BellSouth does not support this requirement for the reasons set forth above.
Number of unfulfilled service requests. <i>Universal Service Order ¶69.</i>		BellSouth does not support this requirement for the reasons set forth above.
Certification that the ETC is complying with applicable service quality standards and consumer protection rules. <i>Universal Service Order ¶69.</i>		BellSouth does not support this requirement for the reasons set forth above.
Certification that the ETC is able to		BellSouth supports requirements reasonably designed to ensure that the public

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function in emergency situations. <i>Universal Service Order</i> ¶69.		has access to reliable USF-supported services, especially during times of crisis.
Certification that the ETC is offering a local usage plan comparable to that offered by the incumbent LEC in the relevant service areas. <i>Universal Service Order</i> ¶69.		BellSouth takes no position on this issue at this time. BellSouth notes, however, that as technology and service options change, specific criteria addressing local usage plans seem less and less relevant.
Certification that the carrier acknowledges that the FCC may require it to provide equal access to long distance carriers in the event that no other eligible telecommunications carrier is providing equal access within the service area. <i>Universal Service Order</i> ¶69.		BellSouth takes no position on this issue at this time.

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OTHER ISSUES			
Service Area Redefinition Process. <i>Universal Service Order</i> ¶¶ 73-75.			BellSouth takes no position on this issue at this time.
Pending Redefinition Petitions. <i>Universal Service Order</i> ¶¶ 76-79.			BellSouth takes no position on this issue at this time.
Identification of Wireless Customer Locations. <i>Universal Service Order</i> ¶¶ 80-83.			BellSouth takes no position on this issue at this time.
Accurate, Legible , and Consistent Maps. <i>Universal Service Order</i> ¶¶ 84-86.			BellSouth takes no position on this issue at this time.
Support to Newly Designated ETCs. <i>Universal Service Order</i> ¶¶ 87-92.			BellSouth takes no position on this issue at this time.
Accepting Untimely Filed Certifications for Interstate Access Support. <i>Universal Service Order</i> ¶¶ 93-94.			BellSouth takes no position on this issue at this time.

**SC PSC DOCKET NO. 2006-37-C**  
**EXHIBIT A TO BELLSOUTH'S INITIAL COMMENTS**

<b>LIFELINE/LINK-UP REQUIREMENTS</b>		
All ETCs must make Lifeline/Link-Up service available, as defined in 47 CFR § 54.401, to qualifying low-income consumers. 47 C.F.R. § 54.401.		BellSouth supports these requirements.
Publicize the availability of Lifeline/Link-Up service in a manner reasonably designed to reach those likely to qualify for the service. 47 C.F.R. §54.405(b).		BellSouth supports these requirements.
Notify Lifeline subscribers of impending termination of Lifeline service if the carrier has a reasonable basis to believe the subscriber no longer meets the Lifeline qualifying criteria. 47 C.F.R. §54.405(c).		BellSouth supports these requirements.
Allow subscribers 60 days following the date of the impending termination letter before discontinuing the Lifeline credit. 47 C.F.R. §54.405(d).		BellSouth supports these requirements.

**SC PSC DOCKET NO. 2006-37-C**  
**EXHIBIT A TO BELLSOUTH'S INITIAL COMMENTS**

ETCs must comply with state certification/verification procedures and beginning August 31, 2006 must provide an officer certification attesting to this compliance. 47 C.F.R. §54.410.	BellSouth supports these requirements.
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STATE OF SOUTH CAROLINA

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COUNTY OF RICHLAND

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CERTIFICATE OF SERVICE

The undersigned, Nyla M. Laney, hereby certifies that she is employed by the Legal Department for BellSouth Telecommunications, Inc. ("BellSouth") and that she has caused BellSouth's Initial Comments in Docket No. 2006-37-C to be served upon the following this August 1, 2006:

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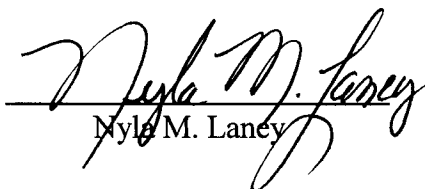
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